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Charles H. Dyson School of Applied Economics and Management
Cornell University, Ithaca, New York 14853-7801 USA

INEQUALITY AND THE OPENNESS OF BORDERS

Ravi Kanbur

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Inequality and the Openness of Borders[*]

Ravi Kanbur
www.kanbur.dyson.cornell.edu

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Any discussion of inequality must begin by asking inequality of what and inequality between whom. On the "what", my focus will be on economic inequality, specifically inequality of income. On the "between whom", I will consider inequality within nations and inequality between nations. So I will be viewing economic inequality primarily through the lens of the world as a whole and the nation states which comprise it. And I will be interested in the implications for inequality, of different degrees of openness of borders between nation states. The openness of borders can refer to goods, or to people. I will restrict attention to movements of people, and furthermore to movement based on economic incentives. Thus I will focus on economic migration and not on refugees fleeing war and persecution.

To set up the issues I want to discuss, I start very simply with income inequality. I leave to one side the many criticisms of sole focus on an economic measure. I have myself been such a critic. But I cannot also help noticing that many such critics are quite willing to use headline economic numbers like the share of income going to the top 1%, without withering criticism, when it fits their narrative. Anyway, I leave also to one side many technical issues on how this data is generated and the measures are arrived at.[1] For now, suppose that every individual in the world can be given a number, their "income", which measures in some fashion their economic wellbeing. Line up all individuals in the whole world from lowest to highest income. The spread of this distribution of income, and there are many statistical measures of this spread, is the degree of income inequality in the world as a whole.

Now divide the world up into nation states, which is where the constituent parts of the global data come from in any case. Each nation state will have its average income (its income per capita) and its own spread around its own average—which is the inequality within that nation state. It should be intuitive that inequality across individuals in the world as a whole is attributable to two elements. First is the fact that there is a spread in average incomes across nation states—some countries are richer than others, and there would be inequality in the world as a whole even if there was no inequality within each nation state. But, second, there is indeed inequality within each nation state, and each of these within-nation inequalities contributes to world inequality. Leaving to one side various technical details, then, inequality across all individuals in the world as a whole can be "decomposed" into (i) inequality within nation states and (ii) inequality between nation states.

What are the basic facts on levels and trends in these two constituent components and in global inequality overall? Average national incomes have come together in the last quarter century. China, India, Vietnam etc. have had spectacular growth rates in comparison with the rich countries. Even Africa, with its failing states, took advantage of the commodity boom and till recently, was growing at a

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[1] The data sources are typically national household surveys which collect information of household income and expenditure. In fact, for most countries information on "income" inequality is in fact inequality n monetary expenditure across households. Total monetary household expenditure is corrected for price variations across space and time in order to arrive at "real" consumption. Rural-urban or regional price indices are used to make these corrections raising technical issues of their own. The severity of the problem is magnified when comparing across countries. The use of official exchange rates to convert rupees and cedis into a common unit of account, usually dollars, is problematic because of the vagaries of exchange rate determination. So a direct method is used with data from the International Comparisons Project, which collects price information around the world and generates conversion factors known as "Purchasing Power Parity" (PPP). These PPP conversion factors are meant to convert one rupee into an equivalent purchasing power compared to one cedi, but technical issues abound in developing these factors. There are many other substantive and technical issues in household surveys, such as under-sampling of the very rich in household surveys. Nevertheless, if we wish to discuss economic inequality at the global level, these are the issues we have to confront. For a good discussion of these, see Atkinson (1986).

fast clip on average. Thus component (ii) of overall world inequality, the inequality between nations, declined. The pattern within nations is nuanced but is dominated by rising inequality in the US and in other large economies such as China and India, so that the within nations component of world inequality, component (i), risen.

Thus the two components of global inequality have moved in opposite directions in the last quarter century. The net effect is an empirical matter. As a matter of fact, world inequality overall decreased. Put another way, reducing inequality between China and the US more than compensated for increasing inequality within China and the US. However, despite having declined, inequality between nation states continues to be by far the larger of the two components of global inequality. Differences across countries in their per capital national incomes account for close to three quarters of the inequality across all individuals in the world, down from over four fifths a quarter of a century ago.[2]

These stylized facts of world income distribution and its evolution raise many questions. What explains the large gaps between rich and poor countries? Why, after four decades of decline after the second world war, has inequality within rich countries increased in the last three decades? In developing countries, why has inequality increased in some countries such as China and India, but actually declined in other countries, for example Brazil? Each of these questions is worthy of a separate extended investigation. But I want to turn my entry point of within-nations and between-nations inequality to explore the intersection between inequality and another increasingly vexed issue of our time—migration across borders.

This intersection is driven by concerns both of within-nation and between-nation inequality. It is argued that rising inequality in rich countries such as the US is at least partially the result of heavy immigration of unskilled labor, bringing downward pressure on local wages and thus upward pressure on inequality within the receiving country. However, such migration relieves labor market surplus in developing countries and is argued to be good for their development, and the global reallocation of labor from low productivity to high productivity locations to be good for the world economy as a whole. But at the same time the outmigration of skilled labor such as doctors and nurses from poor countries is held to be detrimental to the development of these countries and thus mitigates against narrowing between-nation inequality. These conflicting forces need to be examined conceptually and empirically to explore the linkages between cross-border migration and inequality.

The large difference in average income enjoyed by someone born in a rich country compared to a poor one, which is the largest component of global inequality, also raises the question of the legitimacy of these income difference. The gap is referred to by some as a "citizenship rent,"[3] Highlighting that the individual in question did not do anything to earn it, merely having had the good fortune to be born into it. One way to address this misfortune of birth for those in poor countries could be to allow free migration across borders, which could be argued to "neutralize" the luck of the draw at birth. Should, then, national borders be much more open to migration? Underpinning these questions is the fundamental issue of the moral salience of the nation state. Its instrumental salience may be weakened by globalization in the flow of capital and technology, but its moral salience is at the heart of

[2] See Lakner and Milanovic (2016).
[3] The phrase is used by Milanovic (2016).

the discourse on inequality in a global perspective, either explicitly or, often, implicitly. Indeed, it is the weakening of instrumental saliency which is raising afresh the matter of moral saliency.

What would be the answer to the question of open borders be from the perspective of inequality—inequality between nations and inequality within nations? Section 1 begins the discussion with the impact of open borders on inequality between nations. Section 2 takes up an issue great import in the current political climate, the impact of open borders and immigration on inequality in receiving countries. Section 3 considers the issue of out migration and its impact on sending countries. Section 4 concludes.

Open Borders and Inequality Between Nations

A standard characterization of economists is that they have an over-healthy respect for the operation of markets and for the incentives that markets create for the efficient allocation of economic resources. This "invisible hand" mentality is criticized by other social scientists, and by many economists themselves. They argue that not only does a sole focus on economic efficiency neglect the distribution of the gains from efficiency, but that the free operation of markets does not in any case guarantee economic efficiency. Efficiency through the operation of markets is guaranteed only when a range of conditions is met, including that there should not be impediments to the free operation of markets, preventing consumption goods from moving to where they would be most desired, and factors of production such as labor moving to where they would be most productively deployed. But these conditions are not met in practice. Competition is not free but is riddled with market power, and movements of goods and people is not free either. Such sentiments questioning the efficient operation of markets are themselves present in Adam Smith, and such analysis has won many Nobel prizes in economics. However, the basic instinct of economists to view impediments to movement of goods and people across markets perseveres, often bringing them into conflict with those who support regulation of markets within national borders, often with equity goals in mind.

But national borders are also impediments to the free movement of goods, services and factors of production across markets. Taking the world economy as a whole, the "invisible hand" perspective would balk at any restriction on free global movement. There is a long history of promoting free trade in goods across national borders as a means to global economic efficiency, and protectionism as a means of supporting domestic production and industry. Great political battles have been fought over free trade. The magazine *The Economist* was founded in 1843 to argue for the repeal of the protectionist Corn Laws in Britain. Its original name *The Economist: A Political, Commercial, Agricultural, & Free-Trade Journal* lays out its perspective very clearly. The issue of Free Trade led to a great political split in Britain in the early 1900s over the issue of "Imperial Preference." The young John Maynard Keynes, then a student at Cambridge, was on the side of free trade, equating it with free thought—in 1903 he wrote to a friend: "Sir, I hate all priests and protectionists.… Down with pontiffs and tariffs" (Skidelsky, 1983, p 227). But then in 1944, at the Bretton Woods conference which shaped the post-war order, Keynes battled for Imperial Preference to protect British markets from the onslaught of the emerging world economic power, America.

Coming to the twenty first century, there is now little doubt on the role that trade in goods, especially access to markets of rich countries, has played in the spectacular economic growth of poor countries in Asia and elsewhere, growth which has narrowed economic inequality between them and the rich countries of the world. For example, over the four decades since the start of economic opening up in 1978, China's growth of per capita income has approached an average of 10 per cent per year, which means that the latter is now more than 50 times its value at the start of this process. The growth in trade volume has been even more spectacular, doubling every four years, and it is now the largest exporter in the world.[4] However, while trade flows have been rightly lauded as the basis of narrowing inequality between nations, capital flows, especially flows of "hot money" have been blamed for global instability. They led to the Asian financial crash of 1997. Global financial interlinkages in the early 2000s meant that the collapse of the US sub-prime mortgage market in 2008 fed through to the world at a

[4] The Chinese growth experience is reviewed in Fan et. al. (2014).

rapid pace and led to the global recession of 2008-9, from which the world is only just now beginning to recover. And many of the poorest economies of the world were strongest hit by the global recession.

Thus removing impediments to the free movements of goods has had a positive impact on the world economy as a whole and on inequality between nations in our era of globalization, while deregulating the movement of capital has led to instability in the global economy with negative impacts on the poorest economies. Further, the freer movement of goods and capital has tied the hands of governments to introduce redistributive taxation, witness the race to the bottom in corporate tax rates, thereby adding impetus to rising inequality. But this still leaves open the crucial question of the openness of the world economy to movements of labor between nations, and what impact this is having and could have on global economic efficiency and equity.

The global economic efficiency answer to the question of open borders for movement of people is straightforward. In the economic analysis frame, borders are a market distortion. They stand in the way of free movement of a factor of production. They put costs in the way of a "willing buyer-willing seller" transaction. They impede movement of labor from a low productivity to a high productivity location. Indeed, the way the issue is often put is in terms of incomplete globalization. Trade openness has made the markets for goods globalized; financial flows are also globalized; what remains to be globalized is the labor market.

These and many other such characterizations capture the essence of many quantitative calculations on the global economic benefits from borders open to the movement of labor. The actual numbers of cross border migrants is in fact quite low, although it has been increasing:

"The current global estimate is that there were around 244 million international migrants in the world in 2015, which equates to 3.3 per cent of the global population. A first important point to note is that this is a very small minority of the global population, meaning that remaining within one's country of birth overwhelmingly remains the norm. The great majority of people in the world do not migrate across borders; much larger numbers migrate within countries (an estimated 740 million internal migrants in 2009). That said, the increase in international migrants has been evident over time – both numerically and proportionally – and at a greater rate than had been anticipated by some. For example, a 2003 projection was that by 2050 international migrants would account for 2.6 per cent of the global population or 230 million (a figure that has already been surpassed). In contrast, in 2010, a revised projection for 2050 was 405 million international migrants globally." (International Organization for Migration, 2018, p. 2).

The low number of international migrants elicits different responses, ranging from "if it is so low then why is there so much concern about it?" to highlighting that the very smallness of the amount of cross-border flows is an indication of impediments to the efficient allocation of global labor. The huge benefits at the individual level from migration are also highlighted in quantitative analyses of wage differential across countries, correcting for differences in education and training. Pritchett (2010) is representative of this type of analysis. Here are his estimates of wage differentials in terms of Purchasing Power Parity (PPP) dollars:

"The data allowed us to estimate the wage ratios of observably equivalent workers in the United States and 42 developing countries…The apparently same worker from these countries makes *five times* as much in the United States as in his home country—that is, on average an annual wage income that is

$15,000 (PPP) higher. Even if the estimates of wage differences of observably equivalent workers are discounted by a factor of 1.5 to adjust for selection and the costs of moving, the gains in wages to a low-skill worker are $10,000 (PPP). Not only is the world not flat, it is not a curb nor a barrier. Rather, the world has a massive cliff at the U.S. border (and, one suspects, most other rich industrial countries have similarly sized cliffs." (Pritchett, 2010, pp. 271-274)

If the huge wage differentials are an indication of productivity differentials, then the numbers given in Pritchett (2010) and elsewhere hold out the potential for efficient reallocation of the global workforce across countries, and indeed a stream of global economic models does just this, albeit taking on complexities in a much more elaborate manner. Open borders are a boon for global growth and productivity. Docquier, Machado and Sekkat (2015) is fairly typical in terms of its methods but also in terms of its conclusions:

"In our benchmark framework, liberalizing migration increases the world GDP by 11.5–12.5 percent in the medium term." (p. 303)

But what should also be intuitively clear is that permitting open borders as in the exercise above will also tend to lower the between nations component of inequality, other things being held constant. Labor markets will tend to tighten the sending poor countries, and additional labor will tend to hold down wages in the richer receiving countries. The consequences of the latter for within country inequality in the rich country will be taken up presently, but the effect on inequality between countries. This is the component of global inequality which has indeed decreased in the last quarter century of globalization of good markets, and these calculations show that it would decline further if borders were opened up to free movement of people.

Despite the narrowing of between country inequality over the last quarter century, the gaps remain large as shown in Pritchett's (2010) wage data or in Lakner and Milanovic's (2016) calculation that close to three quarters of inequality among all individuals in the world is accounted for by differences in the average incomes of the countries in which they live. Full opening up of all borders to all movement would, according to economic calculations, improve global efficiency *and* reduce between country economic inequality as commonly measured. There is one further line of argument for open borders and it flows from a philosophical tradition which holds that it is not equality of outcome which matters, but rather equality of opportunity. The modern literature on this owes much to the foundational papers by Ronald Dworkin in the 1980s (reprinted in Dworkin, 2000), and the economics literature owes much to the development and formulation by Roemer (1998). The essential distinction is that between two types of determinants of variations in outcome across individuals, labelled circumstance and effort. Circumstance is that which is beyond the control of the individual, effort is that which is not. Thus the amount of variation in outcome that can be attributed to circumstance is, in this argument, "inequality of opportunity."

Recall that three quarters of the inequality in income across individuals is accounted for by the countries in which they live. There will be some adjustment for the fact that some individuals do not live where they were born, but we know that these constitute only 3.3% of all individuals in the world. This is what leads Milanovic (2016) to argue as follows:

"When income differences among countries are large, then a person's income depends significantly on where they live, or indeed where they are born, since 97 percent of the world's

population live in the countries where they were born. The citizenship premium that one gets from being born in a richer country is in essence a rent, or if we use the terminology introduced by John Roemer in his Equality of Opportunity, it is an "exogenous circumstance" (as is the citizenship penalty) that is independent of a person's individual effort and their episodic (that is, not birth related) luck." (Milanovic, p. 2016, 132).

Faced with these strong philosophical and normative arguments, Milanovic (2016, p. 154) considers three options which are along a spectrum: "unrestricted movement of labor," "limited but higher level of migration than what currently exists," and "[k]eep the flow of migrants at the current level or an even lower level." He goes for the middle option because "[t]he first option seems to me to be unattainable, and the third…inferior in terms of efficiency …and equity."

However, while the case for open borders appears to be strong in terms of its contribution to reducing global inequality and the advancement of a particular conception of equality of opportunity, is the opposition to it in receiving countries merely xenophobia? And is the case for greatly increased outmigration also self-evidently dominant? The next two sections take up these questions in turn.

Immigration and Inequality

If immigration is so small (around 3% of the world's population has migrated across borders), and if is such a good thing (raising world GDP and reducing global inequality if quantitative economic models are to be believed), then why does it cause such angst in the world, and why is it resisted so in receiving countries? There are many possible reasons for in-migration to have become such an explosive issue in the rich receiving countries of US and Europe—identity anxiety, racism, populism, etc. But the possible wage effect on natives, and greater demands on public services, could be economic channels which link to the rise of inequality within rich nations The rise of within-nations inequality cannot be ignored politically, and perhaps even ethically even though it is dominated by declining between-nations inequality and overall global inequality falls.

The same economic models which show the benefits of international migration to world GDP and world inequality also, by the very logic, show up issues of rising inequality in migrant receiving countries. Delogu, Doquier and Machado (2013) build an elaborate model of international and intergenerational migration and its consequences, and simulate the effects of liberalized migration policies:

"In sum, we demonstrate that the long-run gain from liberalizing cross-border migration exceeds by far the short-run effect, and its magnitude is in line with what was found in previous studies. However the mechanism and the distribution of the gains are different…The main winners are future generations of people originating from poor countries. This makes it difficult to find redistributive policies to compensate the losers, i.e. the current generations of low-skilled nationals residing in high-income countries." (p. 32).

But how can it be that a movement of less than 3% of the world's population can have a significant impact? The answer is that these moves are not spread evenly across the world but are concentrated in certain recipient countries:

"The United States of America has been the main country of destination for international migrants since 1970. Since then, the number of foreign-born people residing in the country has almost quadrupled — from less than 12 million in 1970, to 46.6 million in 2015. Germany has been the second top country of destination since as early as 2005, with over 12 million international migrants residing in the country in 2015." (International Organization for Migration, 2018, p. 18).

Indeed, close to 15 per cent of the population of US and Germany is now foreign born.

The basic economics of labor markets suggests that an increase in the supply of labor to such an extent in a national labor market will have a depressing effect on wages, all else being held constant. A famous study which ignited debate among economists in the US is by Borjas (2003):

"Between 1980 and 2000, immigration increased the labor supply of working men by 11.0 percent.….[M]y analysis implies that this immigrant influx reduced the wage of the average native worker by 3.2 percent. The wage impact differed dramatically across education groups, with the wage falling by 8.9 percent for high school dropouts, 4.9 percent for college graduates, 2.6 percent for high school graduates, and barely changing for workers with some college." (p. 1370).

As might be expected, such studies can be and have been challenged (with response in return) on methodological grounds. Thus Card (2009) is representative of a school of analysis which does not find much impact of immigration on US inequality:

"These comparisons suggest that the presence of immigration can account for a relatively small share (4–6 percent) of the rise in overall wage inequality over the past 25 years." (p. 19).

Notice that both Borjas (2003) and Card (2009) do find an effect of immigration of receiving country inequality, in this case the US. Card (2009) argues, that the effect is relatively small compared to other factors. Here the debate flows into a wider discussion on the central role of technological change in explaining rising inequality in the US and in other countries. The question had been put in terms of "trade or technology?" as the major cause behind the stagnation of wages in the US economy. Autor (2014) quotes a range of studies which suggest that in the US,

"….about two-thirds of the overall rise of earnings dispersion between 1980 and 2005 is proximately accounted for by the increased premium associated with schooling in general and postsecondary education in particular." (p. 843)

This rise in the skill premium is attributed to rising demand for more educated labor in an era of technical change which is displacing basic labor.

However, even if immigration is quantitatively the smaller causal factor in explaining rising inequality in the narrow economic sense, it clearly has an outsized role in the political discourse. Why? One reason could be that the real concern is about rising inequality but the causality is misperceived as being predominantly through immigration rather than technological change or employer power. If this was the case then perhaps mere information, for example publicizing the sorts of studies discussed above, might correct the misperception. But one fears that there is something deeper and more disturbing which lies at the root of the misperception, and that is a nativist concern on growing heterogeneity and diversity of the population.

There are many ways of discussing or characterizing this phenomenon and its manifestations. Consider the following illustrative example.[5] Let there be 1,000 people in the population of working age, but only 900 jobs to go around. Let the population be completely homogeneous. Then a random allocation of jobs to people has an argument to be a fair distribution of jobs across people. No matter what happens 100 people will be without a job, but the chance of unemployment is one in ten, the same for everybody. Now suppose that people are tagged by their group type, A and B. Let the allocation still be random, but now he chances are that at least one B will have a job when a A does not. It is easy to see then how a political entrepreneur could try and sell the narrative that the reason why A does not have a job is because B has one. In the ex post sense this is true because there are fewer jobs than people, even though in the ex-ante sense the allocation was a fair random allocation of jobs across all people. It should also be clear that if the A-B distinction has socio-political salience then, almost by definition, the argument that the ex-ante allocation was fair would cut no ice with a member of either group who did not have a job, comparing himself or herself with a member of the other group who has a

[5] I gave the example in a presentation at a public event at Princeton University on 14 November, 2016. See https://wws.princeton.edu/news-and-events/archives/videos/item/post-election-impact-inequality-discrimination-and-well-being (Accessed 29 March 2018).

job. The jobs case is relevant but not unique. 1000 households to be allocated 900 public housing units, as is the case in many European countries, would have the same effect, as would over crowded public schools or public health facilities.

What is the answer to the social tensions laid out above? In the examples given, the tensions would not arise if there was not a resource constraint—if there were enough jobs, houses, schools, hospitals for everybody. And this is indeed an important lesson—the unemployment rate is not just an indicator of the waste of economic potential, it is also a harbinger of social tension. But the groupings have to be socio-culturally salient to give the inequality of unemployment traction in creating this type of tension. Reduction of the salience of different types of cleavages would also reduce the collateral effect of economic inequality. But many if not most of these cleavages, like race in the US, are long seated and historical, and move in geological time relative to the fast pace of economic change. For this reason, addressing those cleavages is also a long, slow process.

And therein lies the rub. It can be argued, indeed it has been argued, that high and rapid immigration introduces new social and cultural cleavages at a pace quicker than can be absorbed, and can overwhelm previous mechanisms of reducing historical divisions which of necessity have an effect over the long term. The net result is rising tension and a fraying of the redistributive social compact, designed for a more homogeneous society.

There is some evidence for these sorts of mechanisms in operation during periods of rapid immigration. Tabellini (2018) looks at the period of mass migration in the US in the late 19th and early twentieth century, which changed the composition of the US population dramatically:

"In 1870, almost 90% of the foreign born came from Northern and Western Europe, whereas less than 5% of immigrants had arrived from Southern and Eastern Europe (Figure 2). By 1920, however, the situation had changed dramatically, with the share of migrant stock from new source countries being as high as 40%. Europeans from new regions were culturally farther from natives and significantly less skilled than those from old sending regions." (Tabellini, 2018, p.6).

This inflow had positive consequences for the economy. But Tabellini (2018) also documents the backlash which culminated in the US Immigration Acts of 1921 and 1924:

"I show that immigration had a positive and significant effect on natives' employment and occupational standing, as well as on economic activity. However, despite these economic benefits, the inflow of immigrants also generated hostile political reactions, inducing cities to cut tax rates and limit redistribution, reducing the vote share of the pro-immigration party, and increasing support for the introduction of immigration restrictions." (Tabellini, 2018, pp 38-39).

From our perspective the key finding is that on the limiting of redistribution as diversity grew. Thus the causal chain is now not just from immigration to falling wages to rising inequality, but also from immigration to rising diversity to falling redistribution to rising inequality. There is some evidence for the negative impact of heterogeneity on solidarity in general, going back at least to the work of Putnam (1995). But the more recent wave of immigration to Europe has led to similar arguments being made, for example by Collier (2013), who also relies on evidence from Africa that, all else equal, ethnic heterogeneity has a negative impact on economic growth. Alesina, Harnoss and Rapoport (2018) use attitudinal surveys in Europe to quantify the effect of immigration on attitudes to redistribution:

“We find robust evidence consistent with group loyalty and labor market effects of immigration. Native citizens’ demand for income redistribution decreases……when the share of foreigners increases ….. Tellingly, group loyalty effects are stronger for natives who think that immigrants negatively affect the quality of life in natives’ home countries.” (p.4)

Faced with rapid immigration and growing socio-cultural heterogeneity in US and in Europe, many political philosophers have gone back to the basic arguments for and against restricting immigration into a nation state. Among the best known of the recent contributions is that of David Miller (2016), which sets itself against a stream of thinking such as that of Carens (1987) which argues strongly for open borders. As characterized by Kollar (2017):

“The underlying motivation of David Miller’s inquiry into the political philosophy of immigration in his *Strangers in Our Midst* is to shift the burden of proof from advocates of closed borders to those of open borders. He argues that the democratic political community has the right to control its border to determine who to let in and on what grounds, as long as good reasons are given to the migrants at their doorstep. Consequently, the burden of proof is on theorists of free movement to show that limiting this collective right is justified.” (Kollar, 2017, p)

Miller’s thesis has led to an intensive debate and critique by theorists of democracy, including for example that by Kollar (2017)[6]. But it clearly echoes, in the groves of academe, sentiments found on the streets of Trump voting America or Brexit voting Britain. On his conception, a democratic polity has the right to exclude immigrants for reasons of public policy, except perhaps for humanitarian reasons. And if that public policy reason is the mitigation of inequality, then Inequality and Open Borders intersect once again, and none too comfortably for a cosmopolitan liberal perspective.

[6] In particular, one might argue that we cannot simply cordon off the boundaries of the nation state as the boundaries of democratic practice when completely undemocratic means were employed to subvert the development of free markets or democracies in other places., giving advantages to the countries which are presently rich as a result.

Outmigration and Inequality

So much for the consequences of migration for receiving countries. What about the sending countries? Surely, there must be benefits all round in the poor countries that export their labor to rich countries? Clearly, the migrants themselves benefit, taking advantage of the huge wage differentials discussed earlier, which are the very cause of economic migration in the first place. And perhaps those who do not migrate benefit as well, partly as labor supply pressure is relieved in the sending country's labor market, and partly because of remittances of the migrants, which benefit the family and the community left behind. On average, therefore, the sending country would tend to benefit from outmigration. At least, that is the core argument for open borders as seen from the sending country's perspective and even from the perspective of inequality between nations. But what about inequality within the sending country?

The counters to the simple argument that outmigration benefits the sending country begin with the notion of *selectivity* in migration. Migrants are not simply a representative draw from the sending countries' populations. While in absolute numbers unskilled and low education workers dominate the pool because their base numbers are so large, often it is the skilled and educate who migrate disproportionately. And even if migration was representative of the sending country's population, the economic implications of an outmigration of skilled labor, a "brain drain", could be significant. Brock and Blake (2015, pp 1-2) put it in stark terms as follows:

"Japan has around twenty-one physicians per ten thousand people, while Malawi has only one physician for every *fifty thousand* people…..These facts are troubling in themselves. They become even more troubling when we start asking *why* nations like Malawi have so few physicians. The answer, it seems, is not that citizens of developing countries have no interest in becoming physicians or a lack of opportunity for medical training. In fact, many developing societies spend a great deal of money training new physicians, and spots in medical schools are avidly sought in these countries. The reason for the low numbers of physicians has much to do with what medical training provides: namely, the opportunity to *leave* the developing society and enter into a more developed one….No matter how much a developing country invests in medical education, it is unlikely to obtain an adequate stock of medical personnel."

As Brock and Blake (2015) emphasize, this selectivity in migration ends up contributing to health inequality across rich and poor countries . And it can also be argued that it contributes to health inequality in the sending country, since the few medical personnel who remain are very likely to end up catering to the needs of the wealthy in their country.

The brain drain concern on the sending country side is only sharpened in the current conjuncture, where rich receiving countries either already operate "points based" immigration systems which select in favor of skilled labor, or are moving in that direction. This tendency of rich countries to "cream off" the talent which poor countries spend huge resources training has been a concern of economists for a long time. As far back as the 1970s, Jagdish Bhagwati put forward a proposal for what became known as the "Bhagwati tax", which would impose a tax on skilled labor receiving countries to be remitted back to sending countries (see Bhagwati and Partington, 1976), in compensation for the costs of training and the loss of services of the skilled workers.

More recently, however, some economists have emphasized an intriguing "brain gain" counter argument which goes as follows. Consider the situation in which the stock of medical doctors or nurses,

say, is determined not just by government expenditure but by individual decisions on whether to take up the training with is personal cost of time and money. The cost-benefit of this determined in part by the probability that after training the individual can “escape” to the higher paying markets of a rich country. But this probability depends on the restrictiveness of the quota system in place for immigration to these countries. As this quota system is relaxed, a higher number of individuals will want to train for the higher skill level. Although a higher proportion of this larger number will leave, this could still end up in more doctors and nurses in the country of origin. As might be imagined, there is some controversy on empirical testing of the brain gain hypothesis. A review by Docquier and Rapoport (2012) concludes that

“The recent empirical literature shows that high-skill emigration need not deplete a country's human capital stock and can generate positive network externalities” (p. 681).

But, there are counter arguments, as indicated by Gillian Brock in her contribution to Brock and Blake (2015):

“However, the brain gain is not always beneficial to source countries, as enhanced training can be skewed towards usefulness in the targeted destination countries…..Even when there is a notable brain gain, there is considerable variation in whether it is significant to outweigh other factors (pp 260-261).

Added to Brock’s arguments is the weight of further inequality considerations. The acquisition of skills is generally biased to those who can afford the short term costs. Thus it will be typically the already wealthy who will acquire the skills demanded. Those who successfully migrate will send remittances back to their already wealthy families, and so on. While the relationship between remittances and inequality in sending countries is complex, there are certainly situations in which outmigration can and has increased source country inequality (Docquier, Rapaport and Shen, 2010).

All of this is typically set in the framework of asking the question whether the rich countries should restrict immigration. Collier (2013), for example, argues that restrictive immigration policies will benefit receiving rich countries but they could also benefit sending poor countries. But the question could equally well be posed as whether poor countries should restrict emigration. Here the arguments for freedom of movement clash against the arguments for the social benefits of such restriction to sending countries. As Michael Blake puts it in his debate with Gillian Brock in Brock and Blake (2015):

“Whatever can be done to keep the “best” of a given population in it home jurisdiction must be compatible with the rights of people to seek their own happiness, to form new relationships, and to decide for themselves where they will do both. If people are not happy with the society where they are, they have the right to leave…” (pp 286-287).

Thus even if the brain drain, as its name suggests, makes the sending country worse off on average and increases inequality in that country, Blake would argue against restrictive emigration. Indeed, it seems as though whether outmigration reduces or increases source country inequality, reduces or increases receiving country inequality, reduces or increases inequality between nations, on this view restricting outmigration is on a different moral plane. Its impact on inequality are at best secondary and complementary to the central argument based on the rights of people. There does indeed seem to be more to the world than the narrow economic conceptions of inequality within and between nations, and the sum of those two as global inequality.

Conclusion

Starting with inequality, I have attempted in this paper to explore the intersection between two discourses which have become prominent in analysis and policy. First is the evolution of global inequality. Inequality has been taken to mean a narrow economic conception of inequality of income. This allows us to focus on global inequality as composed on inequality between nations and inequality within nations, and to consider the evolution of each component in recent decades. Second is the troubled and explosive issue of cross-border migration. In light of recent backlash against in migration to rich countries, the question arises as to whether borders should be significantly more or less open to economic migration than they are?[7] While response and resistance to migration can be discussed from nay perspectives, I have focused on the implications open borders for economic inequality in its within-nation and between-nations dimensions.

By and large, economic models predict a decline in global income inequality as borders become more open to the movement of people. This is mainly because such opening narrows income gaps between nations, which is by far the largest component of global inequality. But opening of borders can have significant distributional consequences within receiving countries and within sending countries. Clearly, the migrants themselves benefit as they move to higher incomes. But their presence could lower incomes for some in receiving countries, and their absence could negatively affect those left behind in sending countries. It is these within-nation inequality consequences that drive the politics of the open borders question, and are also at the heart of the philosophical and ethical discourse on open borders.

Beyond the narrow economic analysis of open borders and inequality, are deeper questions of the rights of individuals to move to destinations of their choice, and the rights of nation states to restrict this right—to enter or to leave. Against a thoroughgoing cosmopolitanism and global equality of opportunity view, which would make place of birth irrelevant to prospects faced by individuals, are arguments that a democratic polity has the right to restrict entry and that this is indeed the essence of democracy, or that a state has the right to restrict exit if that exit will have negative consequences for those left behind. However, despite its narrowness and ultimately incompleteness in addressing the question of open borders, I hope this paper has shown how and economic inequality perspective can help to structure arguments in favor of against openness, at the very least as an entry point into a broader discourse.

[7] I emphasize again that issues of refugee migration are not addressed in this paper.

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